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Ugandan tobacco field.

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Soviet Poultry Industry

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Uganda is one of five countries in southern Africa whose tobacco exports to the European Community have a competitive edge over U.S. leaf exports. This advantage may increase in the future. See article beginning on page 7.

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Soviets Look to Poultry Industry To Provide More Meat to Consumer

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IN AN ALL-OUT EFFORT to put more meat on the tables of its over 250 million citizens, the Soviet Union is turning its attention more and more to poultry production—especially of broilers—an industry considered by USSR planners to have high potential for rapid development.

For the United States, Soviet plans to emphasize poultry production may point to a need to purchase U.S. technology or other production requisites. Further, Soviet potential for expanding output of feed concentrates is limited, so that fulfillment of the ambitious poultry production goals could increase corn and soybean import requirements.

The major role to be played by the poultry industry in the development of the Soviet livestock economy was clearly spelled out at the All-Union Conference of Poultry Husbandry held in Moscow in March 1974.

In opening the conference, Minister of Agriculture D. S. Polyanskiy stated that "As the result of the great achievements over the past 10 years, poultry raising has now become the leading and most progressive branch of animal husbandry. Nevertheless, the production and procurement of poultry meat still lags behind the growing needs of the population, even though we have the necessary conditions for producing poultry meat at the scientifically established per capita consumption norm (36.2 pounds)."

At the same meeting, Ministry of

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Agriculture officials presented a plan for development of the poultry industry between 1976 and 1990 which calls for "fully satisfying the needs of the population" by 1990.

The Soviet target level set for per capita poultry meat consumption is roughly four times the current level of consumption, but would still be only about 70 percent of present U.S. per capita consumption.

For eggs, however, the Soviets have established a scientific per capita consumption norm of 292 eggs annually, compared with the current level of 194. In 1973, the U.S. consumption level was 294 eggs per person.

Measured against U.S. per capita egg consumption, both present Soviet egg consumption and targets are higher than those for poultry meat. But the high level of the Soviet poultry meat target, compared with present consumption, indicates that production of poultry meat must increase more rapidly to meet the norm than is the case for eggs, implying a probable shift of emphasis within the poultry industry—toward meat output, as opposed to eggs.

If the Soviets carry out their plans, egg production by 1990 would increase to 95 billion—87 percent above the 1973 production of 50.8 billion eggs. Poultry meat output is targeted at 5.6 million metric tons by 1990—245 percent more than last year's output of 1.62 million tons live weight or 1.3 million slaughter weight. For eggs, this increase would be equivalent to about 64 percent of total U.S., or 55 percent of West European, production in 1972. For poultry meat, the gain would equal 60 percent of all U.S., and 81 percent of West European, production.

Although the Soviet Union is placing great emphasis on increasing all agricultural production, meat production goals are probably receiving the highest priority. In 1973, the country's production of 13.5 million metric tons (slaughter weight) of all meats, animal fats, and poultry provided each Soviet citizen with about 115 pounds of meat and poultry. In comparison, U.S. consumers averaged 233 pounds of meat and poultry in 1973—slightly more than twice as much.

Soviet interest in developing a large and efficient poultry industry is spurred by the need and desire to provide more nutritious and varied diets for citizens—and to do so rapidly. One factor influencing the shift toward poultry is the limited capacity to expand feed concentrate output. Compared with other livestock, poultry are efficient converters of feed to meat. Further, the industry is considered to have potential for rapid expansion, particularly with the application of new and labor-saving technology.

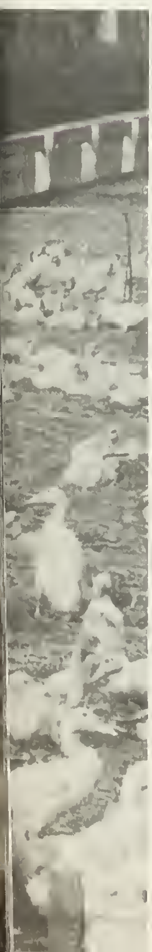
The Soviet Union's poultry production at 1.3 million tons (slaughter weight) in 1973 accounted for slightly less than 10 percent of total Soviet meat and poultry production. This was supplemented by only 42,700 tons of frozen imported poultry, almost entirely from Eastern Europe.

In 1973, each Soviet citizen consumed less than 11.5 pounds of poultry meat, about a fifth of the U.S. level of 50.9 pounds.

Significantly, the composition of Soviet poultry differs sharply from that of the United States, where poultry production consists primarily of broilers. In the USSR the largest portion of output comes from culled layers.

Duck meat, supplemented by a little goose, is also relatively more important in the USSR. And in striking contrast to the United States, there are less than half a million adult turkeys of all kinds in the USSR, according to the January census.

Historically, poultry in the USSR were raised mainly by peasant farmers



Ducks on the Yagotin poultry farm and processing plant, far left, in Kiev Oblast, Ukrainian SSR—one of the Soviet Union's largest poultry complexes, where nearly 2 million ducks were produced last year. Ponds, such as those at left, were previously used to raise the ducks, but Soviet technicians found dryland practices more efficient, and the ponds were shifted to fish farming. Below left, poultry are exhibited in Kiev on the grounds of the Ukrainian Exhibition of Economic Achievement. Soviet shoppers, below, buy eggs and live chickens at a Kiev market.

for personal consumption. The private sector still contributes a substantial part of total egg and meat production, but its relative share of production is declining rapidly. Over the past decade, the share of total production contributed by the private sector has declined from about 74 to 44 percent for eggs and from 69 to 53 percent for poultry meat.

Specifically, out of a total 1973 production of 50.8 billion eggs and 1.6 million tons live poultry, the private sector accounted for 22.2 billion eggs and 855,000 tons of poultry meat. Thus, the private sector has maintained egg production and increased the output of poultry meat by almost one-third.

By contrast, over the past decade, egg output has almost tripled (a 286 percent increase) in the socialized sector (collective farms, State farms, and other Government enterprises). Meat output increased one and a half times (158 percent increase). The relatively more rapid growth of eggs over meat in the socialized sector reflects the priorities given to collective and State farm managers.

At present, poultry plants in the USSR are being expanded in both numbers and size. From January 1965 to January 1973, the total number of poultry "enterprises" increased from 215 to 547, and the average number of birds per enterprise grew from 110,000 to 248,000. However, only 102 enterprises in 1973 were primary producers of broilers for poultry meat, the larger share—445 enterprises—was classified as egg producing enterprises.

Compared with private holdings, the enterprise share of total poultry numbers in 1965 was a modest 5.2 percent of the total flock. However, by the beginning of 1973, the share had risen to 19.4 percent. For eggs, State enterprises produced 4.5 percent of all eggs in 1965, but this share increased to 23 percent by 1973.

Currently, the main thrust of poultry production in the USSR is to industrialize production in order to raise output and lower costs. This is to be achieved by greatly increasing the share of production contributed by broiler plants and other specialized production facilities on selected collective and State farms under the direction of PTITSEPROM (the modernized sector of Soviet poultry production).

These enterprises account for about 37 percent of total egg production and 28 percent of total meat production. By 1990 these percentages are to rise to 65 and 45, respectively.

In 1973, PTITSEPROM had in operation 145 enterprises, of which 64 were for broilers, 46 for ducks, 28 for turkeys, and seven, geese. Out of a total production of 454,000 tons of meat, egg-laying chickens accounted for 52 percent; broilers, 21 percent; ducks, 22 percent; turkeys, 3 percent; and geese, 1 percent. Thus, even in the industrialized sector, broilers still account for about 30 percent of total chicken meat output.

Progress in modernizing the poultry industry, and broiler production in particular, has not been satisfactory, according to the Soviets. PTITSEPROM, for example, had a broiler production capacity of 95 million meat birds annually at the beginning of 1973. Work on additional capacity for 28 million birds was begun in 1973. Yet only 76 million broilers were produced in 1973, indicating only an 80 percent utilization of beginning-year capacity.

According to the Soviets, feed and labor rates are much too high, and parent stock is not being used efficiently. At present, only an annual average of 37 pullets per parent and 101 pounds of meat per parent bird are produced in PTITSEPROM enterprises, compared with 80 to 100 pullets in countries with developed poultry industries.

A major reason for this is improper egg use. In 1972 only 72 percent of eggs received from parent stock were hatched —the rest were eaten! The hatching rate should be raised to 90 percent. Further, growth of the volume of incubated eggs is much too slow and the number of layers of meat-type breeds in parent stocks is too small.

Specialists also state that if all present and projected broiler plants used cage systems, output of meat could be increased substantially.

Finally, since the beginning of the "massive changeover to an industrial production basis" in 1965, many new enterprises specializing in poultry meat have been brought into production. However, most are of low capacity and usually unprofitable. Moreover, between 1967 and 1973 about 70 percent of the funds invested in poultry plant construction went into egg-oriented facilities.

The Soviets plan for annual output increases of poultry meat by PTITSEPROM enterprises of about 95,000 to 110,000 tons per year. To achieve this, they plan to remedy the inadequacies in the process of enlargement and modernization. The steps to be taken in achieving these goals are:

- Increase numbers of parent stock of meat-type breeds, using at least 90 percent of incubated meat-breed-type eggs to produce meat—especially eggs of high productive crosses.
- Introduce the best technology and modern equipment.
- Increase new production capacity.
- Convert broiler plants to fully caged operations.
- Improve quality and reduce time needed to produce birds.
- Reduce feed expenditures per unit of weight gain by 10 to 15 percent.
- Raise the level of retention of young birds for slaughter to 95 percent.
- Increase labor productivity by 5 percent by making use of experience gained in the most efficient operations.
- Feed out egg-type cocks and give more emphasis to seasonal production of ducks, turkeys, and geese in "summer camps."

The problems facing the Soviet poultry industry illustrate the current stage of development. But none of the problems are serious enough to hinder future development substantially. Rather, the entire industry is on the threshold of potential modernization and rapid development—in what is referred to as the "take-off" stage.

USSR: BASIC PRODUCTION INDICATORS OF POULTRY PLANTS

	Number of factories			Average output per factory		
Year[1]	Total	Eggs	Meat	Number of birds	Egg production	Meat production
				Thousands	*Millions*	*Tons*
1965	215	—	—	110	5.6	218.0
1970	453	381	72	173	11.8	356.1
1971	483	395	88	202	14.0	444.3
1972	516	418	98	226	16.3	503.2
1973	547	445	102	248	19.2	550.4

[1] January 1 census. Source: *Vestnik Statistiki* No. 11, 1973.

Three Mid-American Countries To Boost Sugar Production

By JOHN C. McDONALD
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IN AN ERA OF growing markets for cotton, beef, and coffee, three Central American countries with Caribbean ports close to the United States are sticking with sugar—a product that is to them a traditional export commodity in the full sense of the word.

Guatemala and Honduras are expanding sugar production despite rather intensive land-use competition from other export crops. Belize is doing it because sugar is No. 1 in its economy.

Guatemala's sugar industry, whose production has risen from an average of 175,000 tons a half-dozen seasons ago to 358,650 tons this year, aims to expand output at the rate of 10 percent a year for the foreseeable future. (All tons are short tons.)

Operators of the country's 15 mills, which in 1972-73 had a grinding capacity of 25,025 tons daily, say they will boost that amount by 50 percent, to 37,900 tons in 1975-76. Since, by Ministerial decree, the mills must first satisfy internal needs and then the U.S. quota allocation before shipping to other destinations, the 1973-74 crop was plentiful enough to meet domestic requirements, the 1974 U.S. quota, and some 70,000 tons to other markets.

Sparsely populated **Belize,** with only 125,000 inhabitants, leans heavily on sugar as its principal farm crop and No. 1 producer of foreign exchange. Known as British Honduras until a year ago, the British colony devotes more than one-third of its cultivated acreage to production of sugarcane.

Sugar accounted for nearly two-thirds of Belizean exports by value in 1972 and it provides some 5,000 jobs during the grinding season. Sugar's paramount importance in Belize's struggling economy is readily evident, and it is by all odds the most dynamic feature.

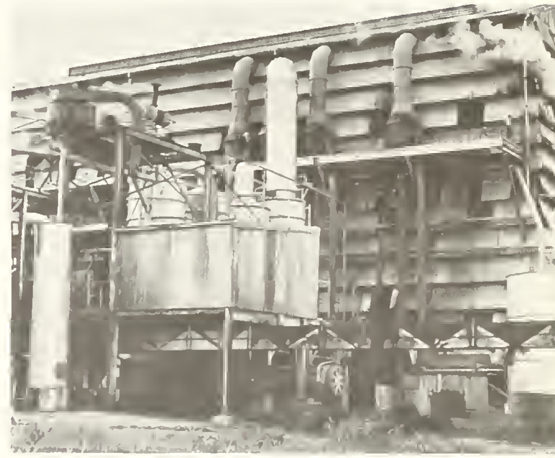
Dynamism of another, but allied, sort is to be found in the increasing social, political, and economic awareness of the 2,400 farmers who grow sugarcane in Belize. As recently as 5 years ago, they were slash-and-burn subsistence farmers, but today, as members of one of the few organized groups in the country—the Belize Cane Farmers Association—their votes are a significant factor in Belizean elections, their credit is good at local banks, and their earnings are a not inconsiderable factor in domestic commerce.

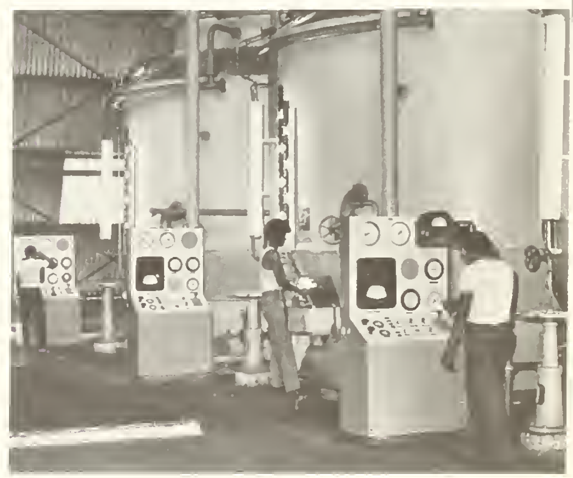
Belize Sugar Industries (BSI), Ltd., which operates the country's two sugar mills, is a wholly owned subsidiary of Tate & Lyle, Ltd., a U.K. company. In 1972, BSI sold all its cropland to the cane farmers, except for 1,000 acres on which it operates an experimental farm (it also has a beef cattle herd).

One mill, which has operated since 1937, has a production capacity of about 45,000 tons, and the other, a fully automated plant built 7 years ago, is currently being expanded from 33,600 to 45,000 tons. The latter mill is designed to permit a phased expansion to 112,000 tons.

Belize's sugar production was 78,500 tons last season and for 1973-74 it reached 102,000 tons. Cane farmers have been buying tractors, cane loaders, and transport equipment to effect the production boost. BSI sees the possibility of a 9 percent increase between 1974 and 1977, and has indi-

Below from top: Exterior and pan floor of Belize sugar mill; newly dug irrigation ditch in Honduras sugarfield. Guatemala, Honduras, and Belize are expanding sugar production despite growing markets for other agricultural products.





cated necessary investments for such an expansion will be made if the export market warrants it.

In **Honduras,** the sugar industry is battling its way out of a deep production depression that resulted from several long years of searing drought in the north-coast cane region. Partly because lands cultivated by tenant farming *colonos* lack irrigation, sugar output failed even to equal domestic consumption needs in 1972-73. Instead of meeting its U.S. quota, Honduras retained its sugar stocks and still had to import 10,000 tons to feed itself. (Neighboring Guatemala says another 7,500 tons crossed the border clandestinely.)

But because of the hurried installation of additional irrigation equipment last year, the 1973-74 cane crop, was large enough to boost production by 23 percent to 80,000 tons. Honduras had expected to increase that total to nearly 100,000 tons this season, but Hurricane Fifi struck in late September and—although it was less damaging to the sugar industry than to other sectors—it is likely to hold sugar production to 85,000 tons in 1974-75.

Even with augmented production last season, Honduras could make only a token gesture towards fulfilling its 1974 U.S. quota, but after this season there should be plenty of sugar for export.

Capacity of Honduras' largest sugar mill is being expanded by one-third to 4,500 tons of cane daily. And a new company has bought an idle mill in Puerto Rico and will disassemble and move it to Honduras. Also, the National Development Bank is financing construction of a $13-million mill to be run by the National Federation of Sugarcane Cooperatives that will be supplied with raw material from some 10,000 acres of irrigable cane land.

Honduras is also spending large sums of money to expand its irrigation system. Canals are being dug through and along the edges of sugar fields to make water readily available. It is believed that by expanding the irrigation system, the sugar crop will be protected against the onslaught of droughts similar to those that have seared the country's sugar fields for the past few years.

These specific plans, together with two or three other cane and sugar explorations under way, have considerably sweetened the outlook for that sector in Honduras.

World Weather

Wet weather that began in early fall has persisted into early winter throughout much of Europe. Rarely have there been two consecutive days without precipitation, although rainless days have become more frequent in the last 2-3 weeks. From September through November precipitation fell 81 of 91 days in Belgium. Ground conditions are muddy throughout France. In several countries the army has been enlisted to help with harvest, and aircraft have been used in some areas to sow winter crops. In contrast, drought continued in parts of the Mediterranean Basin and many crops suffered. The fall season in Spain this year has been its driest in 25 years. Drought also withered crops in the southern Pampas region of Argentina.

GRAIN. Harvest of wheat has begun in the Southern Hemisphere with overall production not up to earlier expectations, especially in Argentina where spring rains never quite got going, the crop faltered, and yield prospects fell off considerably. Dry weather is needed in South Africa, where spring rains have been frequent and generous.

Fall sowing never was completed in much of Europe, as weather delayed harvest of preceding crops or created conditions that were not conducive to soil preparation and planting. Grain on much acreage in Northern Europe has not germinated or tillered (and may not until spring). Many European countries expect lower grain production next year due to greater dependence on lower yielding spring small grains. In Austria fall-sown wheat and rye have germinated well with sufficient precipitation in winter weeks to provide adequate subsoil moisture.

In the Mediterranean Basin dry weather has given winter grain a shaky start, particularly in Spain, Morocco, Syria, and Iraq. Iraq has accepted bids on the Mosul Dam project, which would irrigate about 625,000 acres upon completion perhaps 5 years from now. Weather has favored Turkey, where winter wheat progress appears to be satisfactory.

Fall rains have been sparse in India's important Gangetic Plain (Punjab in particular), and although helpful for the current rice harvest, prospects are not encouraging for winter wheat and other cereals harvested in the spring.

Soil moisture has improved in Central China. In El Salvador, the dry season set in too early, resulting in serious losses to corn, sorghum, rice, and dry beans. Burma reports that damage to the rice crop from widespread late summer flooding is now considered worse than had been assessed earlier. In Thailand, heavy rains in late October and early November delayed start of the main rice harvest until late in November.

VEGETABLE OILS. Drought has reduced olive production in Morocco and Spain. The dry season ran longer than usual in Brazil, delaying sowing of soybeans.

COTTON. Dry weather is needed in northern Colombia, where rains have been disrupting the start of harvest. In southern Brazil a tardy rainy season finally got underway, improving soil moisture and permitting good planting progress. Good weather favored the start of picking season in Nicaragua, El Salvador, and Guatemala. General rains fell in Turkey, where 20 percent of the crop in important Izmir remained unpicked. Losses due to recent volcanic activity in Guatemala are still uncertain, but estimates range from 25,000 to 75,000 bales.

SUGAR. Fall typhoons crossing the Philippines apparently caused relatively little damage to sugarcane. Prolonged wet conditions in Europe disrupted harvesting and processing of sugar beets and contributed to lower sugar yield in many countries. Road damage from heavy fall rains delayed sugarcane crushing in Thailand. Dry weather continues to whittle away at India's spring-harvested sugar crop.

Cocoa prospects improved in West Africa and Brazil.

OTHER CROPS. A late November frost damaged vegetables in the State of Morelos, Mexico, but much can be replanted.

Tobacco Production and Trade in Southern Africa. part 2

Exports of Five EC Associates Have Advantage Over U.S. Leaf

By ROBERT W. JOHNSON
Foreign Commodity Analysis, Tobacco
Foreign Agricultural Service

DUTY-FREE ACCESS for tobacco from the five African nations that are Associate Members of the European Community gives their leaf a very real competitive edge in the EC, the world's biggest market for tobacco.

In contrast, U.S. tobacco exports are subject to the EC's Common External Tariff (CXT) and are charged an ad valorem duty of at least 15 percent.

There are, however, marked differences in the abilities of the five to take advantage of this market access. Only Tanzania is expected to boost its exports; Zaire currently exports no tobacco, and the Malagasy Republic and Kenya—the latter a minor producer and exporter in any case—are expected to maintain present export levels; those of Uganda may lose ground.

Tanzania's tobacco output has had a phenomenal increase during the past 10 years. Production rose from an average of 5 million pounds in 1962-64 to an average of about 36 million pounds between 1972 and 1974. A sevenfold increase, this is equivalent to a 22 percent compounded average annual growth. A number of problems exist, however, and there is some doubt whether future growth can be sustained at such a sharp rate during the next 5 years. But the country's long-range potential is great and if some of these problems can be solved, Tanzania's climb will continue in the future—although at a more moderate rate—and Tanzania could become an even more important supplier to the world tobacco market.

The International Bank for Reconstruction and Development (IBRD) in 1970 made a $9 million loan that could provide a substantial stimulus to Tanzania's tobacco output. This loan is being used to improve the country's only processing plant—which, with its 2,500 employees, is the second largest employer in Tanzania—for infrastructure changes in the tobacco industry, and to provide credit to tobacco growers.

Tanzania's favored position as an EC Associate Member figures prominently in its tobacco market planning. For example, although little burley is now produced in Tanzania and none is exported, an increase in burley output is planned so as to allow future foreign sales. Much of the increased production will probably go to the EC. Although the EC gets much of its tobacco from the United States at present—over half of U.S. burley exports go to the Community—U.S. sales to this market may be reduced when Tanzania succeeds in increasing its burley output and exports.

Tanzania's production of other leaf types is much greater. In 1973-74,[1] growers raised a 26-million-pound crop of flue-cured and 12 million pounds of fire-cured. About 5.5 million pounds of the flue-cured and 2.2 million of the fire-cured leaf are used in domestic manufacture, and the balance of the crop is exported.

Government policy is to try to keep people on the land by providing them with good incomes from farming and adequate social services. To do this, the Government is establishing 12-15 agricultural complexes that will include 10-12 villages, each having 100-120 farm families. Each complex will farm about 2,000 acres and be provided with schools, water, dispensaries, and so forth. On some, the land is farmed in common and on others it is divided into individual plots. All land in Tanzania, however, is owned by the Government and its use is regulated, in the case of large farms, through leases.

Until this year there was a slow movement of tobacco farmers into these complexes. However, late last spring the Tanzanian Government embarked on a major program to relocate all farmers into larger villages (approximately 2,000 persons to each) and many opted to move into the smaller villages of the tobacco complexes. Consequently, these villages are fully populated and tobacco production there is expected to reach in the neighborhood of 5-6 million pounds in the coming crop year. When these areas reach full productivity, it is anticipated they will produce 15-20 million pounds of tobacco.

About 22 percent of Tanzania's tobacco crop is produced by operators of big spreads who lease land from the Government. There are about 50 such farmers who average over 100 acres of tobacco.

Tanzania still has large unused tracts of land that may be used to boost tobacco production. The country has only 14.8 million people (1974) living on 363,000 square miles—about 41 people per square mile unit. Some 60 percent of the country's total land area is devoted to agriculture, making an average of 10.5 acres of agricultural land per person.

Tanzania, along with Uganda and Kenya, make up the East African Community, a customs' union. Tanzania and Uganda are net exporters of tobacco, and Kenya is a net import, with virtually all of its imports coming about half and half from Uganda and Tanzania.

IN 1974, HOWEVER, Uganda's tobacco crop was reduced by internal political disturbances, meaning that virtually all of Kenya's leaf supplies will have to come from Tanzania or other sources.

Uganda normally produces an average of about 8 million pounds of tobacco annually, exports about 2 million, and imports only small quantities. Exports are mostly to the United Kingdom, the Netherlands, and Egypt. About 50,000 pounds per year were imported from the United States between 1971 and 1973.

To boost its flue-cured tobacco production and exports, Uganda borrowed $4 million in 1970 from the International Development Association, an

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For a discussion of the tobacco export potential of Rhodesia, Malawi, and Zambia, see *Foreign Agriculture*, Dec. 23, 1974. S. Africa, Angola, and Mozambique will be covered Jan. 6, 1975.

[1] **The growing season in most of the 11 African countries in this series is October-March.**

affiliate of the World Bank. The purpose of this loan was to increase the number of farmers, to add 4,700 acres of flue-cured tobacco over a 4-year period, and to increase productivity on land already in tobacco. About one-half of this loan has been disbursed to date.

Flue-cured accounts for some 6 million of the approximately 8 million pounds of tobacco produced annually by Uganda, fire-cured for the balance. Flue-cured production has increased rapidly in recent years, while that of fire-cured leaf has been fairly stable.

Exports increased from an average of about 100,000 pounds annually during the early 1950's to an average of 2.3 million between 1971 and 1973. Loss of credit institutions and technical expertise due to expulsion of the Asian population, as well as internal turmoil, severely disrupted production of the 1973-74 crop, and Uganda is having to import rather than export tobacco and cigarettes in 1974.

Uganda's cigarette production was 1.7 billion pieces in 1972. This required utilization of 3.7 million pounds of leaf. Cigarette exports fell from 53,000 pounds in 1971 to 2,000 pounds in 1973. There are no data to indicate how many cigarettes Uganda is importing in the year just ending.

Kenya produced a yearly average of about 300,000 pounds of tobacco between 1971 and 1974 and imported an average of 108,000 pounds annually from outside the East African Community between 1971 and 1973—all of it from the United States. These imports have been steadily declining in recent years—from 211,000 pounds in 1971 to 51,000 in 1973—while Kenyan imports from the other members of the East African Community have mounted. In 1973 they were about 6 million pounds.

Production in an average year consists of about 70 percent flue-cured and 15 percent each of burley and fire-cured tobaccos.

Kenya exports small quantities of leaf—mostly to the United Kingdom and Somalia. In 1971, exports were only about 1,000 pounds, falling off to about half that in 1972 and 1973.

Kenyan cigarette output in 1973 was about 3 billion pieces, requiring about 6.6 million pounds of leaf. This indicates that much of the 6 million pounds imported from within the East African Community and nearly all the domestic crop were used for cigarette manufacture. Small amounts of cigarettes are normally imported from the United Kingdom, the United States, and France, and similar small amounts are exported for ships' stores and to other African countries.

In the period 1971-73, U.S. cigarette exports to Kenya amounted to an average of 8.2 billion pieces annually and are expected to reach about the same level in 1974.

The Malagasy Republic, formerly known as Madagascar, may have more trouble increasing its tobacco output than some of the other southern African countries.

While there are just 7.3 million people living on 227,000 square miles for a population density of only 32 persons per square mile, and apparently plenty of agricultural land, much of it is badly eroded. Agricultural land comprises 63 percent of the total—12.5 acres per person, compared with 5 per person in the United States—but the African country is still having trouble feeding its population.

The Republic produced a yearly average of about 12 million pounds of tobacco in the period between 1971 and 1974, while exports averaged about 6 million pounds a year in the period 1971-73, and imports ranged from 2-3 million pounds. Production, exports, and imports have varied little from those levels in the past 20 years.

SOUTHERN AFRICA: TOBACCO PRODUCTION AND TRADE FOR SELECTED COUNTRIES
[*In 1,000 pounds*]

Country	Average 1960-64	Average 1965-69	1971	1972	1973	1974
Production:[1]						
Tanzania	5,651	17,045	26,391	31,233	38,206	38,000
Malagasy Rep.	10,862	10,585	10,846	13,642	10,866	14,021
Zaire	2,503	5,421	3,902	6,424	6,301	6,500
Uganda	5,128	8,615	7,496	9,744	9,744	5,000
Kenya	1,370	1,062	400	282	256	250
Other[2]	352,068	332,800	295,608	334,901	299,294	333,985
Total	377.582	375,528	344,643	396,226	364,667	397,756
Exports:						
Tanzania	300	7,789	10,433	12,293	13,424	—
Malagasy Rep.	7,901	7,127	5,256	7,094	6,069	—
Zaire	24	610	0	0	0	—
Uganda	1,400	1,437	2,661	1,414	2,873	—
Kenya	0	35	1	([3])	([3])	—
Other[2]	240.846	188,507	164,748	216,099	194,411	—
Total	250.471	205,505	183,099	236,900	216,777	—
Imports:						
Tanzania	40	45	47	69	35	—
Malagasy Rep.	1,698	1,340	2,087	3,012	935	—
Zaire	4,988	6,556	10,190	7,950	11,107	—
Uganda	125	25	61	42	46	—
Kenya	40	124	[4] 211	[4] 64	[4] [5] 51	—
Other[2]	6.147	22,709	23,799	34,101	38,509	—
Total	13,033	30,799	36,395	45,238	50,683	—

[1] Year of harvest. [2] Rhodesia, Malawi, Zambia, S. Africa, Angola, and Mozambique. [3] Less than 500 lb. [4] From outside the E. African Community. [5] Plus about 6 million pounds from the E. African Community.

The Government's policy is to increase tobacco production and exports, and it offers credits and other incentives to growers. However, increasing tobacco labor costs and higher returns from cotton and other crops have caused some farmers to shift from tobacco production, to a degree countering the Government's drive for larger outturn and foreign sales.

The Malagasy Republic's 1974 crop is estimated at a record 14 million pounds, but the 1972-74 average, at 12.8 million pounds, is only 6 percent above the 12.1-million-pound average for the previous 3 years. Because of the relative stability in production during the past several years, it is probable that any change in the Republic's future output level will not be very large.

Tobacco for chewing made up one-third of total 1974 leaf production and over one-half of tobacco product output (by weight). Dark tobacco (Missioneiro) comprised one-fourth of the crop and burley another 25 percent. Virginia-type flue-cured tobacco made up the remaining 17 percent.

All tobacco used domestically is bought, packed, and sold by the Malagasy Government Tobacco Office—Office Malagache du Tabac, or l'OFMATA.

Malagasy exports in 1973 were 6 million pounds that sold for an average of about 45 U.S. cents per pound. Imports were 938,000 pounds in the same year, costing an average of 43 U.S. cents per pound. Most exports were to France and the Netherlands, reflecting the duty-free status of Malagasy's tobacco in the Community.

MOST IMPORTS WERE from Paraguay, Argentina, and France. Only 44,000 pounds were taken from the United States.

In 1973, chewing tobacco production was 4 million pounds. Cigarette output was about 1.3 billion pieces, which would require about 2.6 million pounds of leaf. About 10 percent of Malagasy cigarette output is exported. These are mostly dark cigarettes sent to Réunion, an island about 800 miles east of the Malagasy Republic.

Small quantities of cigarettes are imported from the United Kingdom, France, and the United States.

(U.S. shipments averaged 3.6 million pieces yearly between 1971 and 1973.)

Zaire has, during the past few years, been the most important U.S. tobacco market in Africa. (Egypt will be the largest in 1974.) U.S. leaf exports to Zaire during recent years have averaged about 3 million pounds annually, with a yearly average value of about $2.5 million. About half of these shipments were flue-cured tobacco and most of the balance was dark fire-cured leaf used to make cigarettes.

During the 1971-73 period, U.S. exports to Zaire broke down as follows: Flue-cured leaf (57 percent), dark-fired Kentucky and Tennessee leaf (24 percent), and burley (12 percent).

Leaf imports by Zaire averaged 9.7 million pounds between 1971 and 1973, including those from the United States. Most of the balance came from Mozambique, Malawi, Turkey, South Korea, Greece, Yugoslavia, and Brazil. Manufacturers may import all of the leaf they need, subject to a 58 percent ad valorem tariff.

Zaire's tobacco crop dropped from about 3.2 million pounds before its independence in 1960 to only about 1.6 million in 1962. Since then output has increased to an estimated 6.5 million pounds in 1974. However, about 2 million pounds of this leaf does not enter commercial channels, being used locally, mostly by pipe smokers. The remainder is sold to the country's two manufacturing firms for cigarettes. No cigars are made.

Zaire's commercial tobacco crop—that part of total production used for manufactured products—has increased rapidly from 325,000 pounds in 1967 to about 3 million in 1974. It is divided as follows: Dark fire-cured, 1.8 million pounds; burley, 800,000; light sun-cured, 300,000; and flue-cured, 70,000 pounds. The noncommercial crop is mostly sun-cured tobacco.

The Zaire Government has set 1980 as the target date for tobacco self-sufficiency. Some officials and tradesmen believe that to achieve this goal, the 58 percent tariff on leaf imports will be boosted by 10 percent to 68 percent on January 1, 1976, and to 78 percent by the same date in 1977. In succeeding years, the tariff would be raised 10 percent annually until the duty on imported tobacco becomes prohibitive.

Zaire's cigarette production in 1973 was 5.1 billion pieces, of which 20 percent were filter tipped. Production has been increasing at the rate of about 8 percent annually.

Left, Tanzanian tobacco being graded. Below, a Ugandan tobacco field. Tanzania expects to increase its tobacco exports to the European market in the next 5 years, while Uganda's may drop. Of the three other EC Associate Members, leaf exports of the Malagasy Republic and Kenya may be unchanged. Zaire exports none.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Lower Wheat Prices Seen

Rotterdam grain traders now are expecting a sizable volume of European Community wheat, currently being stored under intervention, to be brought onto the market in February. Prices for EC wheat are expected to decline to the point where the spread between EC feed wheat and U.S. No. 3 yellow corn will make the wheat a better buy. Recent Rotterdam sales of U.S. No. 3 yellow corn (January-March 1975 delivery) ranged between $158.50 to $165.00 per metric ton, while EC feed wheat sold for $171.00 to $173.00 per ton.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Dec. 20	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	6.22	−7	6.26
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	6.07	−8	6.26
15 percent	6.19	−14	(1)
U.S. No. 2 Hard Winter:			
13.5 percent	5.88	−3	6.30
No. 3 Hard Amber Durum	7.97	−6	9.12
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.99	−6	3.35
Argentine Plate corn	4.50	+16	3.71
U.S. No. 2 sorghum	4.01	−10	3.32
Argentine-Granifero sorghum	4.12	−9	3.30
U.S. No. 3 Feed barley	3.87	−5	2.83
Soybeans:			
U.S. No. 2 Yellow	7.99	+3	6.50
EC import levies:			
Wheat	0	0	0
Corn	0	0	0
Sorghum	0	0	0

[1] Not quoted. [2] Basis c.i.f. Tilbury, England.
NOTE: Price basis 30- to 60-day delivery.

EC Proposes CAP Support Prices

The European Community Commission has proposed that the Common Agricultural Policy support prices be increased by an average of 10 percent for the 1975-76 marketing year. Increases in target prices for the various grains (in percent) would be: Soft wheat, 10; rye, 12; Durum, 8; corn, 11; barley, 10; and rice, 8.

The EC also proposed a subsidy for cattle producers of 30 units of account per head for cattle slaughtered. In conjunction with its price proposals, the Commission is proposing certain monetary adjustments in the agricultural sector that would make the price increases in Germany and Benelux less in terms of national currencies and would accentuate them in France in terms of French francs.

DAIRY AND POULTRY

Japan's Butter Prices Up

Two major Japanese milk companies have announced a 32 percent increase in the retail price of butter. The price for one-half pound of butter will be increased from 74 to 97 U.S. cents. A major margarine manufacturer announced a price increase for one-half pound of margarine to 77 cents from the present 62 cents.

Canada's Egg Agency Beset by Problems

The Canadian press reports that problems continue for the Canadian Egg Marketing Agency (CEMA) and now include an inter-Provincial price war between Provincial Boards in Ontario, Quebec, and Manitoba. The Provincial Boards have not been successful in maintaining egg prices at intended levels. The availability of eggs from the U.S. market is blamed for the failure of the Agency to achieve prices that are claimed to be targeted at Canadian cost-of-production levels. CEMA reportedly has plans to process further surplus eggs for export, possibly as food aid.

Italy Promotes Cheaper Food

Italy's Ministry of Agriculture has budgeted $6 million for a promotion program to switch Italian consumers to less costly food. The Ministry sees poultry as an alternative to expensive beef, and is also encouraging the use of milk and cheese.

EC Proposes Dairy Price Increases

The U.S. Mission in Brussels reports that the European Community Commission has proposed a 10 percent increase in the target price for milk and increases in the intervention price for butter ranging from 13 percent in the EC-6 to 34 percent in the United Kingdom. Proposed increases in Denmark and Ireland are about 15 percent. The intervention price of skim milk powder would be increased by 7 percent in all countries. There was no mention of any increase in the intervention prices for cheese.

These proposed increases would take place in two steps, with the first on January 2, 1975, and the second on July 1, 1975 (except for skim milk powder, which would be increased the full 7 percent on January 2).

In equivalent U.S. currency the target prices for milk on July 1 would range from $7.52 per 100 pounds in England and Ireland to $10.35 in Germany, while the intervention prices for butter would range from 70.81 cents per pound in England to 138.43 cents in Germany. New intervention prices for skim milk would range from 43.05 cents per pound in England and Ireland to 59.26 cents in Germany.

Farm organizations contend that the proposed amounts are not sufficient to cover production cost increases of the past year. In view of these complaints by farm organizations and conflicting concerns over the inflationary impact of price support increases, and the recent pronouncement by the Commission that the EC could no longer afford to subsidize the export of grain-based livestock products, long and difficult debates are expected.

EC Supports Sale Of Nonfat Dry Milk

The European Community dairy management committee has decided to sell intervention stocks of nonfat dry milk within the Community—a move opposed by the trade, particularly in the United Kingdom and Ireland. The main objection to the committee's decision is fear that the release of intervention stocks onto the market at the present time could lead to future price reductions. The decision applies to skim milk powder produced before June 1973. At the end of October, EC intervention stocks of nonfat dry milk totaled nearly 342,000 metric tons.

New Zealand Gets Peruvian Dairy Tender

New Zealand has been awarded a Peruvian tender to supply 14,000 metric tons of nonfat dry milk, 5,850 metric tons of butter oil, and 320 metric tons of dry whole milk during the first half of 1975. Quoted prices in cents per pound, f.a.s., were: Butter oils, 63; dry whole milk, 50; and nonfat dry milk, 46. These prices were about unchanged from those paid by Peru for imported dairy products during the second half of 1974.

Ontario Board Lowers Producer Price for Eggs

In separate actions, the Ontario Egg Producers' Marketing Board lowered the minimum price paid to producers for Grade A large eggs by 6 cents on November 11 and 4 cents on November 18 to reduce competition from renewed egg imports from the United States. Since September 18, 1974, egg imports again have been permitted to enter the Canadian market. Quotas and import permit requirements for eggs and egg products had been in effect since early May 1974.

Since the lifting of quotas, imports from the United States have increased at an average 160,000 dozen per week. Producer groups are pressuring the Canadian Government to reimpose import quotas. However, Canada's Minister of Agriculture reportedly told a Special Commons Committee investigating the Canadian egg situation that reimposition of the quotas would likely result in an embargo of Canadian egg shipments to the U.S. market.

The Ontario producer price for Grade A large eggs following the recent reductions is now 55 cents per dozen, a price producers claim to be below the cost of production.

FRUIT, NUTS, AND VEGETABLES

Japan Sets Orange Juice Import Quota

On November 11 the Government of Japan officially announced a global quota of 650 metric tons (5 to 1 concentrate basis) of orange juice for the current Japanese fiscal year (April 1974-March 1975). The quota for last year was 1,000 metric tons, including a 350-ton special quota for juice to be blended with domestic Satsuma (Mikan) juice. The blending plant, however, is not yet under construction and the trade indicates the program may not materialize for some time. The 350 tons are being held in bonded storage. This program is considered a major step toward increasing U.S. orange juice exports to Japan, which during fiscal 1974 totaled only $1.1 million in value.

EC Ups Orange and Mandarin Reference Prices

The European Community Commission has increased reference prices for imported sweet oranges for the 1974-75 season by 5 percent, compared to the 1973-74 prices.

Reference prices are given in units of account (u.a.) per 100 kilograms (kg) net and vary according to the varietal group type expressed in equivalent Community production. Most U.S. varieties are classified under group II. The new reference prices (in u.a. per 100 kg where one u.a. equals approximately $1.21) are: Varietal group I (Moro and Tarocco), December 1, 1974 to March 31, 1975, 18.9; varietal group II (Sanguinello), January 1, 1975 to April 30, 1975, 16.28; and varietal group III (Brondo Comune), December 1, 1974 to April 30, 1975, 9.03.

The Commission also increased the 1974-75 reference prices for fresh mandarins by 5 percent to 19.74 u.a. per 100 kg, for the period from November 1, 1974 to February 28, 1975. For clementines (excluding Monreales) the entry price (less duty) against which the reference price is applied, is adjusted by a coefficient of .75.

EC Changes Fruit And Nut Subsidies

The European Community recently announced several changes in export subsidies on selected fresh fruits and nuts effective November 19, 1974. The subsidies were instituted by Regulation No. 2878/74.

For sweet fresh oranges of the Biondo, Comune, and Sanguigno varieties, a subsidy of 4 units of account (u.a.) per 100 kilogram (kg) was established for the Extra quality class. For the Comune variety, the I and II quality classes are also eligible for the 4 u.a. subsidy. For all other sweet fresh oranges and fresh mandarins, a subsidy of 6 u.a. per 100 kg was established for the quality classes Extra, I, and II.

Subsidies for fresh lemons, hothouse grapes, walnuts, and shelled hazelnuts remained unchanged. The 6 u.a. per 100 kg subsidy for peaches was eliminated. For fresh fieldgrown table grapes of Extra and I quality the subsidy was increased to 6 u.a. per 100 kg. For fresh apples other than cider apples, Iran, Iceland, Sweden, and Finland were added to the list of eligible destinations.

As shown in the table, the official parity between the EC's

unit of account and the U.S. dollar is one u.a.=US$1.20635.

This, however, merely represents an overall approximation. A precise measurement would necessitate adjustments to reflect the relationship of the respective currency of each EC Member State to the unit of account and to the current value of the U.S. dollar.

EC EXPORT SUBSIDIES FOR FRESH FRUITS AND NUTS
[In units of account[1] per 100 kg[2]]

Item	Export Subsidy
Oranges:	
Biodo, comune, and sanguigno (Extra)	4.0
Comune (I and II)	4.0
Other (Extra, I, and II)	6.0
Mandarins (Extra, I, and II)	6.0
Lemons (Extra, I, and II):	
Exported to Central and Eastern Europe[3]	2.5
Exported to other destinations	1.44
Grapes:	
Fresh, fieldgrown (Extra and I)	6.0
Fresh, hothouse (Extra and I)	16.0
Walnuts:	
Shelled	15.0
Unshelled	8.0
Hazelnuts:	
Shelled	4.0
Apples, fresh other than cider:	
Exported to countries and territories of Africa (except South Africa) Arabian Peninsula, Syria planned economies of Central and Eastern Europe, Brazil, Venezuela, Peru, Iran, Iceland, Sweden and Finland[4]	3.0

[1] One unit of account=US$1.20635. [2] Equivalent to 220.4 pounds. [3] Countries or states having planned economies. [4] Apples shipped via the Cape of Good Hope receive an additional subsidy of 4 u.a. per 100 kg.

Taiwan Sets 1975 Export Target

The Taiwan Mushroom Packers United Export Corporation estimates calendar 1974 exports of canned mushrooms at 2.4 million standard cases. This leaves a carryover of approximately 1 million cases which, coupled with a production target of 3 million cases for the current 1974-75 growing season, will result in 1975 export availabilities of around 4 million cases.

The tentative 1975 export schedule for Taiwan's canned mushrooms calls for a total of 4 million standard cases to the following (in thousands of cases): The United States, 1,480; Canada, 350; West Germany, 700; Switzerland, 130; Belgium, 35; the Netherlands, 15; Sweden, 40; Austria, 30; Australia, 120; Malaysia/Singapore, 30; Hong Kong, 10; special area, 100; plus a reserve, 960.

TOBACCO

EC Commission Proposes Tobacco Price Increases

The European Community Commission has recommended a 2 percent increase in next year's target and intervention prices for flue-cured tobacco and a 2 percent reduction in the buyer's premium for that variety. No change has been recommended for the support prices and buyer's premiums for burley—the other variety of most concern to the United States.

Under the Commission's proposals, the average intervention price for flue-cured would be raised to about $1.02, and the average premium for flue-cured would go to 60 cents equivalent per pound. Burley's support price would remain at 77 cents and its premium at 37 cents per pound.

Italy, which has the highest inflation in the EC and anticipates further adjustments in the green lira (unit of account parity), accounts for virtually all of the EC's flue-cured and burley production.

The EC in recent years has had difficulty disposing of surplus Italian tobacco and has resorted to export subsidies and auction sales to reduce intervention stocks.

The EC Council is expected to begin intensive debate of the Commission's price proposals in January.

World Tobacco Crop Has New Record

The 1974 world tobacco crop, at 11.4 billion pounds, set a new record. It was 7 percent above the previous record of 10.7 billion produced in 1973 and 14 percent higher than 5-year average, (1968-72). Area of tobacco harvest increased about 4 percent to 10.6 million acres.

About 40 percent of the world crop is flue-cured leaf. Burley accounts for 10 percent and oriental, 15 percent. The remaining 35 percent is mostly dark cigarette and cigar tobacco types.

The 1974 non-Communist flue-cured crop, at 3.4 billion pounds, was 11 percent above the 1973 crop of 3 billion. The 1974 non-Communist burley crop is estimated at 1.1 billion pounds, up 15 percent from the 0.9 billion produced in 1973. This higher output will help somewhat to relieve the tight supply situation that became apparent in 1974. However, because most of the increase in demand is for flue-cured and burley, chances are that the demand for these types will continue to exert upward pressure on prices well into 1975.

GENERAL

Changes in CCC Program

Effective December 3, 1974, the Commodity Credit Corporation (CCC) added dry edible beans to the eligible list of commodities for export financing under the CCC Export Credit Sales Program. Export financing of the dry edible beans is not to exceed 12 months.

In addition, the CCC removed feedgrains from the eligible list of commodities for export financing. This action, however, does not affect financing of sales of feedgrains under existing lines of credit.

Other Foreign Agriculture Publications

- World Egg and Poultry Situation: Output Held Back by Price-Cost Squeeze (FPE 5-74)
- Foreign Feed Use of Grain, 1974-75 (FG 24-74)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm. 5918 S.; Tel.: 202-447-7937.

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World Vegetable Fibers Situation Reported

In October 1974 U.S. imports of baler twine totaled 8,770 long tons, and binder twine imports were 1,767 long tons, bringing January-October imports of the two harvest twines to 111,972 tons (251 million lb), 24 percent above the level for the first 10 months of 1973.

Although harvest twine prices to farmers continue to be high, carryover supplies at the start of 1975 should be considerably improved over the low levels of a year earlier. Also, improved world availabilities of harvest twines are indicated for 1975. Raw sisal and henequen fibers output in 1974 now appears somewhat larger than 1973 production, and the outlook for the 1975 crop is favorable.

World production of synthetic harvest twines, including U.S. output, is expanding significantly, and can be priced sufficiently below natural fiber twines to move all available supplies and stimulate increased demand for this highly competitive product. If these market forces remain viable through the first quarter of the coming year, prices for harvest twines in 1975 could drop significantly below the high levels that prevailed during most of 1974.

Mid-November 1974 prices for Brazilian sisal, c.i.f. Europe, were at $890 per metric ton, down from $950 a month earlier, and nearly 15 percent below the June-September selling price of $1,040. The market for Tanzanian/Kenyan sisal has been relatively inactive in the past 2 months with little change in prices since mid-July.

There are no significant changes for jute and abaca fibers from the October report.

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FOREIGN AGRICULTURE

EC Moves To Ease French Tobacco Import Controls

The European Community Commission has recommended to the Government of France that it direct the French Tobacco Monopoly (SEITA) to eliminate, by December 31, 1977, quantitative restrictions on imports of manufactured tobacco products from new Member States and to relinquish by the same date SEITA's exclusive right to import, export, and sell such products at wholesale.

The Commission further recommended that for the interim years, France open an import quota for products from new members that is equal to 3 percent of 1973 French national production for 1975, 9 percent of 1975 production for 1976, and 15 percent of 1976 production for 1977.

The Commission's action is in accordance with Article 44 of the Treaty of Accession that obligates new and original members to adjust state commercial monopolies to ensure that by the end of 1977 no discrimination regarding the conditions under which goods are procured and marketed exists between nationals of Member States, and charges the Commission with recommending the adjustments and time-table for carrying out the obligation.

The Commission's recommendation does not apply to SEITA's discrimination against imports from non-EC countries. (In a 1970 Council resolution, France and Italy attempted to abolish, by January 1, 1976, their monopolies' discrimination against imports of tobacco products from original members.)

SEITA's 1973 cigarette production was about 159.4 million pounds. French imports totaled 13.1 million pounds, or about 8 percent of domestic production. Virtually all of France's cigarette imports are from the original five EC members.

France's cigarette trade with the three new members is small. In 1973, France exported about 1.1 million pounds of cigarettes to these three, while importing only 41,000 pounds.

French cigarette production in recent years has been increasing at a rate of about 2 percent. The Commission's import quota recommendation, if honored, could provide an opportunity for new members to establish a considerable market foothold in France.

Differences in national tastes could present problems for manufacturers and exporters in the three, however. The United Kingdom and Ireland produce an all flue-cured cigarette. Denmark produces an American-type blend of flue-cured and light air-cured tobaccos. The preferred cigarette in France is made largely from highly aromatic dark air-cured tobacco. Nevertheless, there is some indication that smokers in France could turn toward an American-type blend. The bulk of French imports are now of this type.

Italy's State Tobacco Monopoly presumably could be the subject of a similar Commission recommendation. The Italian Monopoly appears to have been less restrictive of imports, however. In 1973, about 18 percent of the cigarettes sold in Italy were legitimate imports and an additional 11 percent were foreign brands manufactured under license by the Monopoly.

Traditionally, Italian sales, like sales in France, have consisted mostly of dark air-cured tobacco cigarettes. During recent years, however, the Italian market has trended toward American-type blends. Imports, foreign brands made under license, and several of the Monopoly's own leading brands are now of this type. The trend is expected to continue.

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